

OUTLOOK

A Publication Of The South Dakota Retirement System

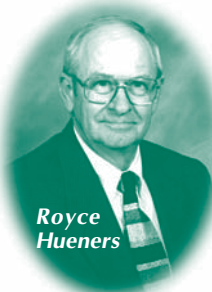
Number 4 December 2005

Represented Elected Municipal Officials

In Remembrance of Royce Hueners

SDRS board member and Madison mayor Royce D. Hueners passed away October 24, 2005. He had served as representative of elected municipal officials on the SDRS board since 2001.

Born in 1932, Royce grew up in Winfred, South Dakota. After



Royce Hueners

serving in Alaska as a member of the Army National Guard during the Korean War, Royce returned to Winfred where he farmed and sold insurance. In 1969 he went to work for the East River Power Cooperative in Madison, from which he retired in 1994. In

1995 he was elected mayor of Madison.

Hueners was elected to the SDRS Board of Trustees in 2001. SDRS Administrator Rob Wylie remembers him as a man of great kindness and dignity. Wylie says, "Royce was a very conscientious trustee, dedicating his time and effort to promoting the financial

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SDRS Identification Numbers

Protecting Your Identity

Identify theft is a growing national problem, and SDRS is taking steps to help protect your SDRS account information. Although SDRS must use your Social Security number to correctly maintain records and file reports

with the IRS, the system also assigns every member a unique SDRS identification number. To thwart identity thieves, members can use these identification numbers in place of their Social Security numbers when

communicating with SDRS.

Registering for *My SDRS* on the Web site (www.sdrs.sd.gov) is one way to obtain your identification number, or you may call the office at (605) 773-3731 to request it. You may still use your Social Security number

to identify yourself if you so desire; SDRS offers the optional identification number as a way to increase privacy and ensure the security of your retirement records. **OUTLOOK**

SDRS Identification Numbers Increase Security



1 Members may identify themselves to SDRS using either their Social Security number or their member identification number.



2 Members can receive their SDRS identification number by calling SDRS or registering for My SDRS online.



3 Using the SDRS member identification number increases the security of SDRS account information.

Controlled Access Ensures Privacy

My SDRS Is for Members Only

Secure information about your retirement, conveniently available whenever you want it — that's what *My SDRS* offers to you, and only to you. You control access to your account information in *My SDRS* through the use of your SDRS identification number and personalized password. No other individual can access your information unless you release your

SDRS identification number and password to him or her. Family members or beneficiaries, even if they are receiving a benefit, cannot access your account information.

Security combines with convenience to make *My SDRS* a valued service. With confidence in maintaining the privacy of their information, active members can monitor personal retirement affairs

on line, checking contribution totals, benefit estimates and beneficiaries. Retired members can monitor their annuity information, which includes monthly retirement payments for the last 13 months, current deductions and withholding.

Not signed up for *My SDRS*? Registration is fast and simple — just visit www.sdrs.sd.gov to get started today. **OUTLOOK**

1 South Dakota Retirement System

Personal Information | Personal Benefits Statement | Service Detail | Contribution Detail | Last 40 Quarters | Retiree Statement | Benefits Calculator | Annuity Information

South Dakota Retirement System

Personal Information

Member's Name: JOHN DOE

Address: 111 CAPITOL ST
PIERRE, SD 57501

Beneficiary's Name: JANE DOE

Spouse's Name:

Spouse Option (Yes/No): ☒ Yes

Total Refundable:	Last Service Calculation Date:	Last Reported Salary Date:	Final Average Salary:
\$35,514.80	12/30/2004	2/28/2005	\$28,729.67

Total Months of Service Before July 1, 2002: (Per last service calculation date of: 12/30/2004)

Class A Members	Class B Public Safety	Class B Judicial
108	0	0

Total Months of Service After July 1, 2002: (Per last service calculation date of: 12/30/2004)

Class A Members	Class B Public Safety	Class B Judicial
30	0	0

Total Months of All Service: (Per last service calculation date of: 12/30/2004)

Class A Members	Class B Public Safety	Class B Judicial
138	0	0

Benefits Formula

Log Off My SDRS

Personal Information | Personal Benefits Statement | Service Details | Contribution Detail | Last 40 Quarters | Benefits Calculator | Retiree Statement | Annuity Information | Change My Profile

Nothing on this Web site is either a legal reference or a complete statement of the laws or SDRS administrative rules. In any conflict between this information and South Dakota laws or administrative rules, the laws and administrative rules shall prevail.

SDRS Privacy Policy and Disclosure Statement

Information Secure and Available on *My SDRS*

- 1 After logging onto www.sdrs.sd.gov, use your own secure password to access your personal information on *My SDRS*
- 2 Check accuracy of your personal records
 - A Your current address
 - B Your beneficiary designation
 - C Your spouse's name
- 3 Access the information you need to make sound decisions about your retirement finances
 - D Total refundable contributions
 - E Date of last service calculation
 - F Date of last reported salary
 - G Your final average salary
 - H Easy calculation of your benefits

Supplemental RETIREMENT PLAN

One of the best tax-deferred methods
of investing for your retirement



For more information,
call the SRP office at
1-800-959-4457.

Small Savings Grow Large Over Time

Saving at Any Age Pays Dividends

How old are you? Why, that's the perfect age to start thinking about your retirement!

That's right: Whatever your age, now is the best time to put money into a personal retirement savings account. Socking away savings when you're young gives your nest egg time to grow. Making deposits when retirement is on the horizon builds up your account while you are still receiving a paycheck.

To be sure you have the money for retirement that you want, not just the money you need, start by figuring out how much that is. Usually people are comfortable living on a retirement income that is between 70 and 85 percent of their final salary. For most career employees — members active in SDRS for 30 years — SDRS benefits combined with Social Security benefits normally provide retirement income in this range.

The Dollars and Sense of Personal Savings

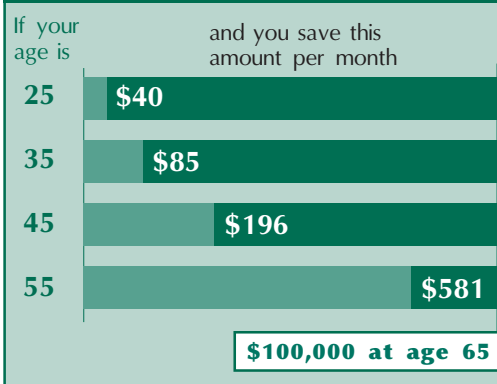
There are many reasons, however, why you may not want to depend solely on SDRS and Social Security benefits for retirement income. Maybe you want additional money for large purchases such as a vacation home or travel. Or maybe you want the comfort of a financial hedge against rising health care costs or possible cuts in Social Security benefits.

No matter where you are in your career, the best strategy for saving for retirement is the same: start now. If you have time to let your savings build, even small amounts put aside regularly grow into

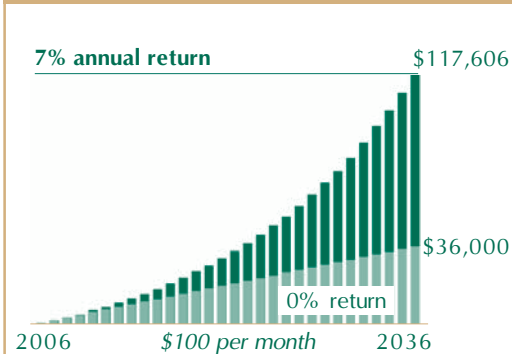
handsome sums. For example, a 25-year-old investing \$100 every month at a 7 percent rate of return will accumulate \$117,606 by the age of 55. What could that amount mean in retirement? Nearly \$500 extra every month for 20 years.

Whatever your age, saving is a good idea. For instance, a 45-year-old can accumulate an additional \$52,000 before reaching age 65 by setting aside \$100 a month at a 7 percent rate of return.

Accruing \$100,000 by Age 65



Investing Compounds Savings Over Time




The value of your SDRS and Social Security benefits is demonstrated by the hypothetical case of a worker who funds retirement exclusively with personal savings. Assuming this worker earned

\$50,000 at the time of retirement and wanted to replace 70 percent of that income for 20 years, he would need \$700,000 in savings. To accumulate this amount over 30 years requires investing \$595 every month and earning an average of 7 percent interest.

SRP Makes Saving Easy

The SDRS Supplemental Retirement Plan (SRP) is designed to help members achieve their personal retirement goals. SDRS members can take advantage of this tax-deferred savings plan by electing to deduct as little as \$25 a month, or as much as \$15,000 per year, the basic IRS limitation for 2006. You may select to invest your funds according to the amount of risk you are comfortable assuming in one of several solid options that the SRP offers. It's easy to start — just call the SRP office in Pierre at (605) 224-2230, or call the toll-free line at 1-800-959-4457. The staff will be happy to explain the program and investment options and help you get started.

Retirement Planning Tools on Line

You can also find help on the SRP Web site. Though this information is for educational purposes and not intended as investment advice, it may help you figure your retirement income needs, a savings schedule and your risk tolerance. Go to www.srp457.com, click on "Employee" and then on "Planning Tools." The links will then guide you to the service you want. 



Board Notes

The following is a summary of major issues that came before the SDRS Board of Trustees at its meeting on September 15, 2005.

September 15, 2005 Joint Meeting of Board of Trustees and Retirement Laws Committee

Rob Wylie, SDRS' administrator, presented the annual report on membership.

State Investment Officer Matt Clark and Assistant Investment Officer Tammy Otten presented the final report on investments for FY 2005.

Koren Holden, actuary with Buck Consultants, made a preliminary report of SDRS' funded status, reserve and cushion. Final figures are due in December.

Joined by SDRS' general counsel, Wade Hubbard, Rob Wylie discussed proposals under consideration to present to the 2006 Legislature. The nine proposals deal with definitions and legal clarifications in the South Dakota code.

Rob Wylie and Koren Holden presented a paper on the history of SDRS retirees returning to work.



Justice Steven Zinter (administering the oath)
Left to right: Laurie Gustafson, Brian Berglin, Royce Hueners, KJ McDonald and Dr. James Hansen

Meeting of Board of Trustees

New board members Brian Berglin, Laurie Gustafson, Dr. James Hansen, Royce Hueners and Kathy "KJ" McDonald, were administered the oath of office by Justice Steve Zinter.

Following the recommendation of the nominating committee, the board elected Elmer Brinkman as chair and Justice Steve Zinter as vice chair to serve one-year terms.

June Larson and Curt Morrow from Nationwide Retirement Solutions presented information on the Supplemental Retirement Plan. Their report included plan membership information and an assessment of investment performance. Mr. Clark analyzed investment alternatives and made

recommendations to the board.

Koren Holden led a discussion about the goal of the annual cost-of-living adjustment (COLA).

Present:

Elmer Brinkman, Brian Berglin, Carol Burch, Matt Clark, Tracy Dahl-Webb, Jason Dilges, Bryan Gortmaker, Laurie Gustafson, James O. Hansen, Royce Hueners, Louise Loban, Darwin Longeliere, Kathy "K.J." McDonald, Wes Tschetter, Eric Stroeder, Sandra Zinter, Justice Steven Zinter



Board 2005 seated front row: Sandra Zinter, Louise Loban, Laurie Gustafson, KJ McDonald, Carol Burch, Wes Tschetter, Justice Steven Zinter.

Back row: Rob Wylie, Matt Clark, Bryan Gortmaker, Brian Berglin, Elmer Brinkman, Jason Dilges, Eric Stroeder, Dr. James Hansen, Royce Hueners, Tracy Dahl-Webb, Darwin Longeliere

You Should KNOW...



Medicare Part D

Medicare Part D offers Medicare participants insurance to cover the cost of prescription drugs. The monthly premium, deductibles and co-payments vary according to the plan the participant selects.

Enrollment in this new program is open through May 15, 2006; after that date the cost of participating may increase. To learn more about Medicare Part D, contact

The Center for Active Generations

South Dakota SHIINE Program

2300 West, 46th Street

Sioux Falls, SD 57105-6528

1-800-546-8197

www.shiine.net

or

Centers for Medicare and Medicaid Services

7500 Security Boulevard

Baltimore, MD 21244-1850

1-800-Medicare

www.medicare.gov

In Remembrance of Royce Hueners ...continued

strength and stability of the South Dakota Retirement System. He worked hard to ensure that SDRS was administered fairly, and he was very watchful that changes to the system were affordable and beneficial to all members. Royce was a true statesman in his efforts on behalf of the system, and he will be missed by SDRS."

At their meeting December 7, the Board of Trustees appointed Ray A. Hofman to serve in Hueners' position until elections are held in June 2006.

SDRS STATE-WIDE INDIVIDUAL COUNSELING SCHEDULE*

SCHEDULE DATE	COUNTY	LOCATION	ADDRESS	DEADLINE TO SCHEDULE**
January 10, 2006	Brule, Buffalo, Lyman	Oacoma, Cedar Shores Resort	1500 Shoreline Drive	January 5, 2006
January 17, 2006	Fall River, Shannon	Hot Springs, Mueller Civic Center	801 S 6th Street	January 12, 2006
January 24, 2006	Gregory, Tripp	Gregory, Braun Chiropractic	114 E 6th Street	January 19, 2006
January 31, 2006	Custer	Custer, Community Center	447 Crooks Street	January 26, 2006
February 7, 2006	Edmunds, McPherson	Eureka, Fire Hall	502 F Avenue	February 2, 2006
February 14, 2006	Jones, Mellette	Murdo, Jones Co. Courthouse	310 Main Street	February 9, 2006
February 21, 2006	Hutchinson, Douglas	Parkston, Senior Center	Main Street	February 16, 2006
February 28, 2006	Minnehaha	Sioux Falls (other than schools) Ramkota	2400 N Louise	February 23, 2006
March 7, 2006	Moody	Flandreau, County Courthouse	101 E Pipestone Avenue	March 2, 2006
March 15, 2006	Brookings	Brookings, Brookings Inn	2500 E 6th Street	March 10, 2006
March 21, 2006	Todd	Mission, School Campus	Administration Building	March 16, 2006
March 28, 2006	Pennington	Rapid City (other than schools) Ramkota	2111 N Lacrosse	March 23, 2006
April 4, 2006	Charles Mix	Platte, 1ST Fidelity Bank	501 Main Street	March 30, 2006
April 11, 2006	Marshall	Britton, Community Building	909 S Main Street	April 6, 2006
April 18, 2006	Meade	Sturgis, Best Western Philtown	Exit 32 South Junction	April 13, 2006
April 25, 2006	Hamlin	Estelline, Community Center	219 Main Street	April 20, 2006

* See the SDRS Web site for a more complete schedule. ** Individual retirement counseling sessions must be scheduled before noon on this date.

OUTLOOK

Interview ... continued from page 6

Social Security, may not be as stable. Personal savings can protect you if a reduction in Social Security benefits does occur.

They would also be crucial if the drastic spikes in health care costs continue. Today we think about using our savings to cover exceptional medical emergencies. In the future, we may need those dollars just to cover ordinary medical costs such as prescription drugs and the occasional hospital stay.

Outlook: Often younger members have financial demands such as paying off education loans, buying a first house or raising a family. Shouldn't they postpone saving for retirement?

"However you decide to save for retirement, the important thing is to do it, and to start doing it now."


Gortmaker: Saving a little early is more profitable, in the long run, than saving a lot late. The reason is compounded savings. If your money earns interest, you also earn interest on the interest. The longer time the interest has to compound, the more money an investment will make.

Outlook: What are the best options for retirement savings? Can I depend on my own investments?

Gortmaker: Some people do quite well managing their own investments; others don't. To provide all its members access to available tax-qualified savings options, SDRS offers the Supplemental Retirement Plan (SRP). Participating in the SRP is an easy

way to save regularly, select the investment category with a comfortable degree of risk, and let professionals manage your account.

An SRP account also saves you dollars because you don't pay taxes on the money or investment returns until you make withdrawals. This gives you more money to invest. Also, because retirees are usually in a lower tax bracket, you will probably pay less in taxes in the long run.

However you decide to save for retirement, the important thing is to do it, and to start doing it now. If you're young, over time even small amounts grow into sizable sums. If you're close to retirement, it's all the more important to save. No matter how much or how little of it there is, time is always a friend to savings. 



South Dakota Retirement System
P.O. Box 1098
Pierre, South Dakota 57501

PRSRT STD
U.S. Postage
PAID
Permit #1209
Sioux Falls, SD

*“How much you need — or want
— for retirement depends on
your personal circumstances.”*



Bryan Gortmaker

OUTLOOK *Interview*

Bryan Gortmaker has represented public safety members on the Board of Trustees since 2002. He discusses why personal savings need to be a part of every member's retirement planning.

Outlook: *Contributions to SDRS accounts total at least 12 percent of a member's salary. Isn't that enough to provide a comfortable retirement?*

Gortmaker: Experts believe you need 70 to 85 percent of your pre-retirement income to maintain your lifestyle after you leave the workforce. The goal of SDRS is to provide a benefit that, when combined with your Social Security benefit, meets this target range.

But for some members, their combined benefits will fall short of that goal. For instance, if you have less than 30 years of credited service, or if you're in a high income bracket, SDRS and Social Security may not provide 70 percent of your pre-retirement income.

Outlook: *So if I am a career employee making \$50,000 a year, I don't need additional retirement savings, right?*

Gortmaker: How much you need — or want — for retirement depends on your personal circumstances. If your house is paid for, if you have no dependent relatives, or if you have no unusually high medical expenses, you could be quite comfortable living on your benefits alone.

But if you plan on any big ticket purchases in retirement — a boat, or travel — you might need additional savings to cover those expenses. Also it's always wise to have a financial hedge against the unexpected.

Outlook: *SDRS is a defined benefit plan so I know exactly what my monthly income will be. What could be unexpected?*

Gortmaker: While SDRS is exceptionally sound financially, other sources of income, such as

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